

FISCAL NOTE

HB 266 - SB 1176

April 26, 2005

SUMMARY OF BILL: Authorizes the Bureau of TennCare to enter into arrangements with manufacturers of brand name and generic pharmaceuticals that provide rebates of at least 15.1% of the average manufacturer's price. Requires patients who insist that a prescription be filled with a brand-name drug when a multisource generic is available to pay for such prescriptions. Requires the Bureau to establish a pharmacy and therapeutics committee to comply with federal law to design a formulary or institute a preferred or non-preferred drug list.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – The TennCare Bureau states that it is currently receiving the greatest amount of rebate possible. To the extent that a 15.1% rebate is greater than the TennCare program currently receives and is implemented, such could result in a decrease in state and federal expenditures estimated to exceed \$100,000.

Assumptions:

- The TennCare program will not incur a significant impact for the rebate requirement to the extent the program currently receives the best available rebate for prescription drugs.
- There will not be a significant increase to establish a pharmacy and therapeutics committee. The Bureau of TennCare complies with federal law and the approval of the Centers for Medicare and Medicaid to provide a preferred drug list.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James W. White, Executive Director